

MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
OCTOBER 15, 1992
DES PLAINES, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held at 9:30 A.M. on October 15, 1992 at the State of Illinois Suburban North Facility in Des Plaines, Illinois. The meeting was called pursuant to previous action of the Board in establishing it's Regular Meeting schedule and Notice was duly and timely given to each Board Member and to the general public in conformity with Section 42.02 of the Illinois Open Meetings Act.

The following Board Members were present: William J. Kunkle, Jr., Chairman and Members William J. Chamblin, Jr., J. Thomas Johnson, Robert F. Vickrey and Michael H. Zaransky. Also in attendance were Administrator Morton E. Friedman, Deputy Administrators J. Thomas Hutchison, Joseph Mc Quaid, and Marcy L. Wolf; Chief Legal Counsel Donna B. More; other Board staff, the media and the general public.

The meeting was called to order by Chairman William J. Kunkle, Jr. at 9:40 A.M.

The first order of business were status reports of licensed owners and applicants previously found suitable for licensing by the Board. The Chairman recognized Southern Illinois Riverboat Casino Cruises, Incorporated.

Mr. David Fishman and Mr. Michael Ficaro appeared on behalf of the enterprise. Mr. Fishman briefed the Board on progress of the development in Metropolis, Illinois. He told the Board that gaming operations were expected to begin in March, 1993. Mr. Fishman also announced that Best Inn had committed to building a new hotel. Mr. Ficaro updated the Board on developments concerning the resolution of the Kentucky/Illinois border dispute and noted that work on determining the boundary line continued. Under discussion, Member Vickrey requested that the applicant submit a video tape to the Board illustrating the progress of the development.

The next presenter was Rock Island Boatworks Incorporated. The Chairman recognized Mr. Michael Ficaro, attorney for the enterprise. Mr. Ficaro reported on increased efforts in marketing the enterprise. Under discussion, the Administrator described a request received from Rock Island Boatworks for Board approval of a automobile give-away premium in conjunction with slot machine play. Mr. Friedman stated that Board approval was necessary because such a give-away program was a raffle. There was no further discussion.

The next presenter was Jo Daviess Riverboat Joint Venture. The Chairman recognized Mr. Joe Duellman of HP, Incorporated who updated the Board on developments in the Northwest Illinois market. Under discussion, Member Johnson asked questions regarding the lease arrangement of the Silver Eagle. Mr. Duellman stated that he would supply detailed information in writing. There was no further discussion.

The next presenter was Hollywood Casino-Aurora Incorporated. The Chairman recognized Roberto Rivera-Soto, Secretary and General Counsel of Hollywood Casino-Aurora, Incorporated who updated the Board on recent developments of the project. He stated that the project anticipated commencing operations in June, 1993. Messrs William Weidner, Robert Heller, of Solomon Brothers, and Jack E. Pratt appeared to describe and answer numerous questions of members concerning

project financing and debt reduction plans. There was also discussion concerning Illinois regulatory mandates with respect to investors and dividend payments to investors as well as questions concerning the number of gaming positions anticipated for the two proposed gaming vessels. There was no further discussion.

The next presenter was Greater Peoria Riverboat Corporation. The Chairman recognized Mr. Tom Moore, attorney for the enterprise. Mr. Moore provided the Board with a report of recent developments with respect to the enterprise and said that the permanent docksite was expected to be completed by the end of 1992. He noted that a ventilation problem aboard the Par-a-Dice had been corrected. Member Vickrey asked questions concerning an existing high voltage transmission tower located at the entrance of the permanent docksite in East Peoria. Mr. Moore responded that he would supply the Board with information on the subject. There was no further discussion.

The next presenter was Empress River Casino Corporation. The Chairman recognized Mr. William Sabo, President of the enterprise. Mr. Sabo briefed the Board on recent developments concerning the enterprise, noting that Empress River Casino Corporation was one of the top ten employers in Will County. He also told the Board that the investors of the corporation had reached an out of court settlement with Riverboat Gaming Management Incorporated and requested that the Board approve the transfer of stock from the management company to the investors. Under discussion, details of the settlement were explained by attorneys for the parties. The Administrator advised the Board that staff was continuing to review portions of the matter.

Mr. Zaransky moved that purchase and transfer of stock from Mr. Phil Griffith and Mr. Jerry Turk to Empress River Casino Corporation be approved. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved by voice vote; 4 voting aye, 1 voting abstention.

The Chairman next recognized Mr. Anton Valukas, attorney for investor applicant George Krug, Jr. Mr. Valukas reviewed Mr. Krug's application and requested Board approval. Members asked clarifying questions concerning the application.

The next presenter was Des Plaines Development Corporation. The Chairman recognized Mr. Jeremy Margolis, attorney for the enterprise. Mr. Margolis introduced several officials of the enterprise who participated in presenting a status report and answering questions. Mr. Margolis noted that the enterprise anticipated that operations would commence in June, 1993. There was significant discussion concerning the structure of the partnership and financial commitments of the parties. There was also discussion of a study that was conducted concerning constructing a hotel adjacent to the docksite. Mr. Margolis requested that the Board approve the amended application from the partnership. In response to questions, Mr. Phil Satre stated that construction of a second vessel had been committed to by the partnership and would utilize the full 1200 gaming positions allowed by the Act.

In response to questions, Mr. John Q. Hammons stated that the reason he had not sought another partner, (other than Harrah's), in the project was that he felt pressured to begin operations. Mr. Tim Wilmott and Mike Ragen responded to questions concerning development incentives received from the City of Joliet.

The next presenter was Arch Paddle Boat Company. The Chairman recognized Mr. Jim Enlund who updated the Board on recent developments. He told the Board that operations were expected to commence in March of 1993. Mr. Enlund responded to questions concerning the status of the proposed Metro-Link project in the Metro-East area and noted that the project currently did not include funding for a station located at the Arch Paddle docksite. Mr. Enlund also told the Board that no changes to the capital structure of the application had been made or contemplated. There was no further discussion.

The next presenter was Alton Riverboat Gambling Partnership. The Chairman recognized Mr. Tom Long who updated the Board on recent developments. He noted that the partnership had committed to the construction of a new vessel which would utilize the full 1200 gaming positions allowed by the Act and was hopeful that operations on the new vessel would commence in May, 1993. There was discussion concerning the Missouri referendum concerning riverboat gambling in that state.

The next order of business concerned Supplier Applications.

Mr. Johnson moved that the application received from Bally Gaming Incorporated to be a supplier of gaming devices and supplies be approved. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman noted that due to a Temporary Restraining Order issued by the Circuit Court in St. Clair County, that the Board would not proceed with agenda items 4 and 5.

The next order of business concerned proposed rulemaking. The Chairman recognized the Administrator.

Mr. Friedman stated that drafts of proposed rules had been circulated to Board members and the industry. He noted that additional changes had been suggested by the industry and that Board approval would cause the rulemaking to be filed with the Secretary of State for public comment. Member Johnson stated that he would be suggesting an amendment to Rule 3000.231 concerning the distribution of profits by an enterprise. There was no further discussion.

Mr. Johnson moved that pursuant to Illinois Revised Statutes, Chapter 102, Section 42.02 (g), (h) and (k) that the Board retire to Closed Session. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 12:45 P.M.

The Illinois Gaming Board reconvened in Open Session at 4:02 P.M. with all members in attendance.

The Chairman announced that in Closed Session, the Board had approved the Minutes of the Closed Sessions held May 14, 1992, June 16, 1992, July 9, 1992 and August 13, 1992.

The next order of business was the approval of minutes of previous Board meetings.

Mr. Chamblin moved that the minutes of the Regular Meeting held on July 9, 1992 and the Special Meeting of August 13, 1992 be approved as submitted. Mr. Zaransky seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Occupational License applications received for levels 2 and 3.

Mr. Zaransky moved that the Board accept the staff report and recommendations with respect to Occupational License applications received for Level 2 and Level 3 applicants. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Final Orders of the Board with respect to Occupational License applicants who had appeared before the Administrative Law Judge.

Mr. Johnson moved that the Board, having reviewed the Administrative Record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge and deny the applications for an Occupational License Level 2 received from Mr. William Mastro and Ms. Gertrude Singer; for an Occupational License Level 3 received from Mr. Brian Beck. Mr. Zaransky seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the Board, having reviewed the Administrative Record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, in part, and with additional findings of fact and conclusions of law determined by the Board, deny the application for an Occupational License Level 2 received from Mr. John Webb. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the Board approve the requests received from Ms. Suzanne Milsters and Jerry Lee Connours to withdraw their requests for administrative hearing with respect to Occupational Licensing. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the application received from Mr. Michael Gaughan to become an investor in Arch Paddle Boat Company be approved. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Zaransky moved that the application received from Mr. George P. Krug, Jr. to become an investor in the Empress River Casino Corporation be approved. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays by oral roll call.

Mr. Chamblin "No"

Mr. Johnson "No"
Mr. Vickrey "Aye"
Mr. Zaransky "Aye"
Mr. Chairman "No"

The motion failed.

Mr. Johnson moved that the Board approve the applications for Occupational Licenses Level 1 received from Mr. Francis A. Pedulla, Casino Rock Island; David W. Badman, Alton Riverboat Gambling Partnership; Salvatore Semola, JoDaviess Riverboat Joint Venture; Douglas C. Huber, Alton Riverboat Gambling Partnership; Ronald M. Behney, Jo Daviess Riverboat Joint Venture; Dennis A. Brown, Empress Riverboat Casino Corporation; and, James P. Lawless, Casino Rock Island. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Under leave, the Board took from the table a motion made by Mr. Zaransky, seconded by Mr. Vickrey that the Board revoke a finding of suitability granted to applicant Des Plaines Development Corporation. The Chairman called the question by oral roll call.

Mr. Chamblin "No"
Mr. Johnson "No"
Mr. Vickrey "Aye"
Mr. Zaransky "No"
Mr. Chairman "No"

The motion to revoke the finding of suitability failed.

Mr. Zaransky moved that the application received from Harrah's Joliet to become an additional investor in Des Plaines Development Corporation be approved. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the requests received from Des Plaines Development Corporation to change their name to Hammonds/Harrah's Illinois Partnership as well as structural changes reflected by submission of amendments to the application be approved. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Zaransky moved that the application received from Harrah's Illinois to be the Supplier of Gaming Management for Hammonds/Harrah's Illinois Partnership be approved. Mr. Vickrey seconded the motion.

Under discussion, Member Johnson noted that a Supplier's application had not been submitted by the applicant and suggested the motion be tabled.

Without objection, the motion was tabled.

Mr. Zaransky moved that the Board instruct the staff to file proposed rulemaking, as amended, with the Secretary of State for First Notice and

Comment. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that a rule amending Rule 3000.231 be filed with the Secretary of State for First Notice and Comment. He noted the proposal would limit the amount of dividends that could be distributed to investors under certain debt to equity ratios. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays by oral roll call.

Mr. Chamblin	"No"
Mr. Johnson	"Aye"
Mr. Vickrey	"Aye"
Mr. Zaransky	"No"
Mr. Chairman	"No"

The motion failed.

The Chairman announced that the next Regular Meeting of the Board would be held on February 4, 1993 beginning at 9:30 A.M.

Under Other Business, the Board entertained a discussion of allowing bill validators to be used to accept wagers on electronic gaming devices. Mr. Michael Gaughan, Roberto Rivera-Soto and James Fletcher appeared and urged the Board to approve such devices. The Administrator acknowledged that using validators did not present a problem in auditing receipts of the enterprise, but that his concern went to the statutory requirement that cash not be used in wagering.

Mr. Johnson moved that validators accepting United States Currency be allowed and not considered as a violation of the cashless wagering provision of the Act. Mr. Zaransky seconded the motion. The Chairman called for the yeas and nays by oral roll call.

Mr. Chamblin	"No"
Mr. Johnson	"Aye"
Mr. Vickrey	"No"
Mr. Zaransky	"Aye"
Mr. Chairman	"Aye"

The motion was approved.

There being no further business to come before the Board, Mr. Vickrey moved the Board stand adjourned. Mr. Chamblin seconded the motion.

Without objection, the Illinois Gaming Board stood adjourned at 4:38 P.M.

Respectfully submitted,

James A. Nelson
Secretary of the Board